

## Message Text

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PAGE 01 SANTO 04469 142229Z  
ACTION XMB-04

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FM AMEMBASSY SANTO DOMINGO  
TO SECSTATE WASHDC PRIORITY 1294

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E.O. 11652: N/A  
TAGS: EFIN, ENRG, DR  
SUBJECT: EXIMBANK - GODR PLANS TO PURCHASE \$100 MILLION IN U.S.  
GENERATORS IF FINANCING ARRANGED

REF: STATE 146858

FOR: EXIMBANK CHAIRMAN JOHN MOORE FROM THE AMBASSADOR

1. I HAD LUNCH YESTERDAY WITH THE RECENTLY APPOINTED HEAD OF THE STATE-OWNED ELECTRIC COMPANY (CDE), PEDRO CASALS, WHO TOLD ME THAT, ON THE \$7 MILLION PURCHASE OF TWO GAS TURBINES FOR SANTIAGO, HE HAD INFORMED PRESIDENT BALAGUER IN WRITING THAT UNITED TECHNOLOGIES (U.S.) AND FIAT (ITALY) WERE THE TWO LOWEST BIDDERS. I AM CONTACTING PRESIDENT BALAGUER'S OFFICE TO SAY THAT UNITED TECHNOLOGIES IS A GOOD, RELIABLE COMPANY.

2. CASALS ALSO TOLD ME THAT HE IS NOW RPT NOW PREPARED TO USE THE REMAINING \$40 MILLION OF THE \$47 MILLION EXIMBANK CREDIT PREVIOUSLY ARRANGED (THE OTHER \$7 MILLION BY PRIOR EXIMBANK AGREEMENT IS TO FINANCE THE TWO ABOVE-MENTIONED GAS TURBINES), TO PURCHASE A LARGE U.S. GENERATOR, TO BE KNOWN AS HAINA FIVE, IN THE 116-120 MEGAWATT RANGE.

3. CASALS SAID ALSO THAT HE WOULD PURCHASE A 150 MEGAWATT GENERATOR BURNING BOTH COAL AND PETROLEUM FROM THE  
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U.S., AND A SECOND OF EQUAL SIZE FROM SPAIN. HE INDICATED THAT THE NEWS ACCOUNT OF THE DEVALUATION OF THE SPANISH PESETA BY 20 TO 35 PERCENT WOULD NOT AFFECT THIS DECISION.

4. WHEN CASALS VISITED EXIMBANK ON TWO SEPARATE TRIPS IN MAY AND JUNE, HE ASKED FOR ADDITIONAL FINANCING FOR THE 150-MEGAWATT GENERATOR.

5. ALTHOUGH CASALS INHERITED A COMPANY WITH SUBSTANTIAL OPERATING DEFICITS, HE HAS ALREADY MADE SIGNIFICANT IMPROVEMENTS IN COLLECTIONS, AND IS EXPECTED TO PUSH THROUGH AN ELECTRIC POWER RATE INCREASE AFTER THE PRESIDENTIAL ELECTION NEXT MAY.

6. BEFORE GOING TO WASHINGTON, CASALS MADE ARRANGEMENTS TO CLEAR UP ALL ARREARAGES WITH EXIMBANK WHICH HE HAD INHERITED. I UNDERSTAND THAT EXCEPT FOR A FEW THOUSAND DOLLARS, WHICH IS STILL BEING SORTED OUT, HE IS COMPLETELY CURRENT.

7. ALTHOUGH THE DOMINICANS ARE SOMETIMES SLOW TO PAY BECAUSE OF INHERENT INSTITUTIONAL AND CULTURAL INFLUENCES, THEY HAVE ALWAYS PAID EXIMBANK IN FULL, PLUS DELINQUENT INTEREST PAYMENTS ON ANY ARREARAGE THAT DEVELOPED.

8. AT THE MOMENT WORLD SUGAR PRICES ARE DEPRESSED, BUT I BELIEVE THAT IN CONSIDERING TEN TO TWELVE-YEAR LOANS WE SHOULD TAKE THAT SAME TIME-SPAN IN LOOKING AT SUGAR PRICES. SUGAR PRICES WILL BOUNCE BACK SOONER OR LATER AS THEY ALWAYS HAVE. IF THE LONDON SUGAR TALKS OPENING NEXT WEEK ARE SUCCESSFUL IN ESTABLISHING AN INTERNATIONAL SUGAR AGREEMENT, AND I GATHER THE PROSPECTS HAVE IMPROVED SOMEWHAT, SUGAR PRICES WILL BE STABILIZED AT A LEVEL WHICH WILL CONTINUE TO MAKE THIS A GOOD MARKET FOR U.S. GOODS AND SERVICES.

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9. THANKS IN NO SMALL PART TO THE AVAILABILITY OF EXIMBANK FINANCING, WE HAVE BEEN QUITE SUCCESSFUL IN RECENT YEARS IN SELLING PASSENGER AIRPLANES, ELECTRICAL GENERATORS AND OTHER BIG ITEMS TO THE DR.

10. U.S. GOODS ARE GREATLY APPRECIATED HERE FOR THEIR DURABILITY AND THE READILY AVAILABILITY OF SERVICE AND SPARE PARTS. U.S. EMPLOYMENT AND THE U.S. BALANCE OF PAYMENTS IN GENERAL HAVE BENEFITED FROM THE MARKET HERE FOR U.S. GOODS AND SERVICES.

11. AT THE PRESENT TIME THIS IS ONE OF THE BIGGEST AND HOTTEST MARKETS FOR ELECTRIC GENERATORS ANYWHERE ON THE GLOBE, AND I FEEL THAT IT IS IMPORTANT THAT WE CONTINUE TO MAINTAIN THE U.S. SHARE OF THIS MARKET. I, THEREFORE, SINCERELY HOPE THAT EXIMBANK WILL DO ALL THAT IT CAN IN ORDER TO ENABLE US TO MEET THE STRONG COMPETITION, BOTH IN PRICE AND FINANCING, FROM THE EUROPEANS AND JAPANESE.  
HURWITCH

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## Message Attributes

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